# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

STARRED QUESTION NO:139
ANSWERED ON:11.03.2005
LOAN TO RURAL AREAS
Kushwaha Shri Narendra Kumar;Shiwankar Shri Maha Deo Rao

**Will the Minister of FINANCE be pleased to state:**

(a) whether the Union Government has looked into the conditions of banks in rural areas and slow progress in the loan distribution by the banks in these areas as reported in `Rashtriya Sahara` dated February 13, 2005;

(b) if so, the facts of the matter and the details of the guidelines issued in this regard;

(c) whether the banks have neglected the opinion of their branches in rural areas;

(d) if so, the reasons therefor and the number of banks functioning in rural areas, State-wise;

(e) the percentage of loan distribution in rural areas by the banks in the year 2004-2005;

(f) whether there is a decline in the money deposits made in this area in comparison to the year 2003-2004;

(g) if so, the reasons therefor;

(h) the number of bank branches likely to be opened during 2005-2006;

(i) the steps taken by the Government to improve the condition of banks in rural areas?

## Answer

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) :

(a) and (b) Govt. had announced a package on 18th June, 2004 for doubling the flow of credit to agriculture over three years. As a result of the steps taken by the banks to increase the credit flow in agriculture and rural areas, the agriculture credit disbursement in 2004-05 has recorded significant growth as compared to the previous year, and it is expected that Rs. 108,500 crore will be disbursed in the current fiscal year.

(c) No, Sir.

(d) The number of banks functioning in rural areas, State-wise, is as given in the statement enclosed.

(e) The all India credit deposit ratio of public sector banks in rural areas as on September 30, 2004 was 46.6% as against 43.09% as on March 31, 2004.

(f) No, Sir.

(g) Does not arise.

(h) and (i) Government does not assign any target for opening of branches by banks. The decisions are taken by the Boards of the banks depending upon availability of business and priority sector targets. Government has been advising banks to take all necessary steps to improve performance and ensure achievement of all targets in rurai areas.